



Maurice Hinchey

PROTECTING YOUR RETIREMENT NEST EGG



Dear Friends,

Like many of you I was outraged to learn of the plight of Enron employees as their company went bankrupt. Thousands of workers lost the bulk of their 401(k) retirement funds and were powerless to do anything about it. In some cases, individuals who had been saving for years lost up to \$1 million or more and were forced to drastically alter their retirement plans.

While Enron has gotten all the publicity, workers in our area have also received unwelcome surprises as they work toward retirement. What's more, current law doesn't keep you from falling into the same predicament as the Enron employees.

I am sponsoring a number of measures in Congress that would protect workers from the sudden loss of retirement savings. I also support legislation that would prevent other unexpected changes that can erase years of careful retirement preparation.

I hope you find this newsletter informative and useful.

GIVING WORKERS FREEDOM TO CONTROL THEIR INVESTMENTS

Many Enron employees were prevented from saving their 401(k) accounts. One of the worst parts of the Enron scandal is that employees who held company stock in their 401(k) plans were unable to sell it while the share price plummeted. But worse still is the realization that Enron is not an isolated incident. Workers at all publicly held companies are susceptible.

Current laws can render workers helpless. Two conditions can create this vulnerability. Plan sponsors are allowed to block participants from making transactions in their 401(k) plans during "lockdown" or "blackout" periods. There are no limitations on the length of time these periods can last. Also, employees are often required to reach a particular age or work at the company for a certain time before they are allowed to sell company stock from their 401(k)

plans. The law doesn't require companies to fully vest employees until they have worked there for three years.

Workers need more freedom to control their own accounts. I am a cosponsor of legislation that seeks to keep you from being left holding the bag if your company's stock price starts to fall. One of the bills I support (H.R. 3657) would require companies to provide 30 days notice of any lockdown period and would limit those periods to 10 consecutive days. That bill would also force employers to allow vested 401(k) plan participants to sell employer stock within 30 days and would reduce the maximum vesting period to one year.

Executives must be held accountable for false statements. Even with these safeguards in place, workers may be misled into holding employer stock when their company makes false statements about its value. I am a cosponsor of legislation (H.R. 3623) that would prohibit such misrepresentations and hold those who make them liable for the resulting losses incurred by employees.

HELP ON THE WEB

These federal government web pages have useful information that can help you protect your investments and prevent fraud.

www.sec.gov/investor/pubs.shtml
www.ftc.gov/ftc/consumer.htm
www.consumer.gov

ENSURING RETIREES OF CONTINUED HEALTH COVERAGE

A number of large companies, including some in our area, have reduced retirees' health benefits in order to cut costs and increase

profits. I strongly believe this practice should be illegal. The decision to retire is based on an estimate of what your income and expenses will be after you stop working. It's impossible to arrive at a realistic estimate if companies are allowed to change the rules after you've

already retired. That is why I joined 58 of my colleagues in re-introducing the Emergency Retiree Health Benefits Protection Act (H.R. 1322). This bill would protect retirees in employer-provided health plans from having their benefits eliminated or cut back. It would also obligate employers to restore previous health benefits taken away after an employee's retirement unless the employer can demonstrate substantial business hardship. I will continue to pressure the House leadership to bring this critical legislation up for a vote this year.



Congressman Hinchey discusses workers' concerns at a clothing plant in Ulster County

KEEPING SOCIAL SECURITY SECURE

I fully support increasing opportunities for people to make private investments for their retirement, but I also believe that Social Security must remain risk-free. While we need to take steps to preserve and strengthen Social Security in the long-term, privatizing the system would make

the projected shortfall worse, not better, and it will cause benefits for current and future retirees to be cut. Social Security must continue to provide what it has since its inception: a risk-free progressive monthly benefit that lasts a lifetime and is guaranteed to increase every year with the rate of inflation.



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